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UNCLAS SECTION 01 OF 02 OTTAWA 001721

SIPDIS

SENSITIVE

STATE FOR OES (WATSON), OES/EGC (REIFSNEIDER, DEROSA),
EB/ESC/ISC (MCMANUS, DUDLEY), WHA/CAN (MASON, RUNNING,
NORMAN)

USDOC FOR ITA/MAC -- OFFICE OF NAFTA

DOE FOR INT'L AND POLICY (PUMPHREY AND PERSON), IE-141
(DEUTSCH) AND BPA (ATKINS)

EPA FOR OFFICE OF THE ADMINISTRATOR, INTERNATIONAL AFFAIRS
AND BRIAN MCLEAN

E.O. 12958: N/A

TAGS: [ENRG](#) [CA](#)

SUBJECT: INTERNATIONAL PARTNERSHIP FOR THE HYDROGEN ECONOMY:
CANADIAN REACTIONS

REF: (A) STATE 146268

(B) STATE 153914

1. SUMMARY: GOC OFFICIALS APPEAR TO BE CAUTIOUSLY
INTERESTED IN PARTICIPATING IN THE IPHE, BUT HAVE
SIGNIFICANT CONCERNS ABOUT HOW IPHE WILL RELATE TO THE IEA'S
HYDROGEN COORDINATION GROUP. THEY ALSO POSED NUMEROUS
QUESTIONS ABOUT IPHE'S POSSIBLE STRUCTURE AND PROCESS - SEE
ACTION REQUESTED, PARAGRAPH 7. THIS INITIATIVE WILL REQUIRE
SOME SELLING AT THE POLITICAL LEVEL, AND TO THIS END WE URGE
WASHINGTON AGENCIES TO CONSIDER VISITS TO OTTAWA BY SENIOR
OFFICIALS FROM DOE AND STATE TO PROMOTE THE IPHE. END
SUMMARY

2. EMBASSY ESTH COUNSELOR AND ENERGY SPECIALIST DISCUSSED
THE USG'S PROPOSAL FOR THE INTERNATIONAL PARTNERSHIP FOR THE
HYDROGEN ECONOMY (IPHE) WITH KEY OFFICIALS AT NATURAL
RESOURCES CANADA (NRCAN) ON JUNE 16. NRCAN PERSONNEL WERE
FAMILIAR WITH THE PROPOSAL: ALL HAD SEEN THE INFORMATION
PROVIDED IN REFTEL A, SOME HAD HEARD SECRETARY ABRAHAM'S
INVITATION AT THE IEA MINISTERIAL IN APRIL, AND OTHERS HAD
SEEN A PRESENTATION BY DOE'S CHRIS BORDEAUX AT THE MOST
RECENT MEETING OF SCIENCE AND TECHNOLOGY EXPERTS UNDER THE
NORTH AMERICAN ENERGY WORKING GROUP IN OTTAWA ON JUNE 5.

3. CANADIAN OFFICIALS' MOST IMPORTANT QUESTIONS WITH
RESPECT TO IPHE PERTAINED TO ITS RELATIONSHIP TO THE IEA'S
HYDROGEN COORDINATION GROUP (REF B). NOTING THAT THE WORK
BEING PURSUED IN THAT FORUM IS SUBSTANTIVE AND IS ALREADY
WELL UNDERWAY, THEY EXPRESSED CONCERN THAT THE IPHE
INITIATIVE WOULD DUPLICATE WHAT WAS ALREADY BEING DONE IN
THE IEA CONTEXT AND/OR THAT IT WOULD SPREAD THE GOC'S
AVAILABLE RESOURCES TOO THIN. IN ADDITION, NRCAN OFFICIALS
RAISED QUESTIONS ABOUT HOW THE IPHE PROCESS WOULD RELATE TO
IEA EFFORTS ON THE DEVELOPMENT OF INTEROPERABLE CODES AND
STANDARDS.

4. CANADIAN OFFICIALS INQUIRED BRIEFLY ABOUT SECRETARY
ABRAHAM'S EFFORT TO PROMOTE THE IPHE AMONG PROSPECTIVE
MEMBERS DURING VISITS TO THEIR CAPITALS. (COMMENT: THE
FACT THAT SECRETARY ABRAHAM HAS PROMOTED THE IPHE DIRECTLY
WITH THE EU AND OTHER FOREIGN GOVERNMENTS, BUT HAS NOT DONE
SO WITH CANADA, MAKES THIS A SENSITIVE TOPIC IN OTTAWA. END
COMMENT).

5. OUR INTERLOCUTORS WERE INTERESTED IN THE POSSIBLE
FORMAT OF THE PROSPECTIVE MEETING TO LAUNCH THE IPHE IN FALL
2003. THEY RECOMMENDED STRONGLY THAT WE NOT TRY TO HOLD
MEETINGS AT THE POLICY AND TECHNICAL LEVELS SIMULTANEOUSLY
(CITING THE CASE OF THE CARBON SEQUESTRATION LEADERSHIP
FORUM), BUT RATHER THAT WE PUT POLICY ISSUES FIRST AND THEN
DEAL SEPARATELY WITH STRUCTURAL AND TECHNICAL MATTERS.

6. OTHER ISSUES IN WHICH NRCAN SHOWED INTEREST INCLUDED:

-- THE APPROPRIATENESS OF THE IPHE'S TIME FRAMES (I.E. IS IT
REALISTIC TO MAKE HYDROGEN THE "TRANSPORTATION FUEL OF
CHOICE" BY 2020?);

-- WHETHER INDIA AND CHINA WERE LIKELY TO PARTICIPATE;

-- HOW THE IPHE SECRETARIAT WOULD BE STRUCTURED AND WHERE IT
MIGHT BE LOCATED;

-- HOW INDUSTRY/PRIVATE SECTOR GROUPS WOULD BE INVOLVED IN
THE PARTNERSHIP;

-- HOW WILL IPR ISSUES BE HANDLED;

-- WHETHER U.S. STATES AND/OR LOCAL GOVERNMENTS BE INVOLVED

IN THE PARTNERSHIP (NRCAN UNDERSTANDS THAT CALIFORNIA AND OTHER STATES HAVE BEEN ACTIVE ON HYDROGEN AND FUEL CELL DEVELOPMENT));

-- WHETHER THE IPHE WILL ENGAGE IN ACTUAL PROJECTS, OR JUST BE A FORUM FOR EXCHANGE OF INFORMATION; AND

-- HOW IPHE MIGHT CONNECT TO CSLF.

17. ACTION REQUESTED: BASED ON OUR DISCUSSIONS THUS FAR, IT IS CLEAR THAT THE GOC IS INTERESTED IN THE IPHE AND GIVING IT CAREFUL CONSIDERATION. HOWEVER, OFFICIALS ARE ALSO CONCERNED ABOUT ORGANIZATIONAL DETAILS AND ABOUT THE POSSIBLE IMPLICATIONS OF THIS NEW PARTNERSHIP INITIATIVE FOR EXISTING BILATERAL AND MULTILATERAL (PARTICULARLY IEA) COOPERATION ON HYDROGEN TECHNOLOGIES AND FUEL CELLS. REQUEST THAT WASHINGTON PROVIDED RESPONSES FOR QUESTIONS AND CONCERNS RAISED IN PARAGRAPHS 2, 4 AND 5 ABOVE SO THAT WE CAN REASSURE THE GOC ON THESE ISSUES TO THE EXTENT POSSIBLE. END ACTION REQUESTED.

18. OUR MEETING WITH NRCAN OFFICIALS WAS CLEARLY INCONCLUSIVE WITH REGARD TO CANADIAN PARTICIPATION IN THE IPHE, PARTICULARLY SINCE IT INVOLVED ONLY ONE AGENCY OF THE SEVERAL IN THE CANADIAN GOVERNMENT THAT WOULD PRESUMABLY PLAY A ROLE IN DECIDING ON CANADIAN PARTICIPATION. THE U.S. PROPOSAL FOR AN INTERNATIONAL PARTNERSHIP HAS RAISED A NUMBER OF BASIC QUESTIONS THAT THE GOC WILL HAVE TO WRESTLE WITH AS THEY CONSIDER HOW TO RESPOND. ANY ADDITIONAL INFORMATION THAT WASHINGTON AGENCIES MAY BE ABLE TO PROVIDE TO US WILL BE USEFUL IN ENGAGING NRCAN AND OTHER CANADIAN GOVERNMENT AGENCIES ON THE IPHE PROPOSAL. FINALLY, BEYOND ALL THE TECHNICAL AND BUREAUCRATIC ISSUES THAT WE HAVE ENCOUNTERED IN OUR INITIAL DISCUSSIONS WITH GOC OFFICIALS, THERE IS A NEED TO SELL THE CONCEPT AT THE POLITICAL LEVEL IF WE ARE SERIOUS ABOUT ENGAGING CANADA IN THE IPHE. THAT IS AN EFFORT THAT WE EXPECT THE AMBASSADOR TO BE FULLY INVOLVED IN, ONCE WE HAVE THE INFORMATION TO RESPOND TO SOME OF THE BASIC ISSUES RAISED ABOVE. HOWEVER, WE WOULD ALSO URGE WASHINGTON AGENCIES TO CONSIDER VISITS TO OTTAWA BY SENIOR OFFICIALS FROM DOE AND STATE TO PROMOTE THE IPHE.

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